

**FLORIDA STATE UNIVERSITY**  
**COST SHARING PROCEDURES**

(Last updated 03/23/2009 by Diana Key)

IMPORTANT: Please refer to the University's Policy on Cost Sharing at  
<http://www.research.fsu.edu/contractsgrants/costsharing.html>.

***Potential Sources of Cost Sharing***

- E&G Funds for salary and fringe benefits
- E&G Funds for costs other than salary and fringe benefits
- C&G SRAD Funds under Fund 550 or 560 for any cost category
- Expenditures on a C&G Sponsored Project under Fund 520, 530, or 540
- Graduate Tuition Waivers from College/School Allocation
- Program Income
- Contributed F&A (F&A associated with cost-shared direct costs)
- Waived F&A (F&A associated with sponsor-funded direct costs when sponsor does not pay full negotiated F&A Rate.)
- Third Party Contributions
- FSU Research Foundation
- FSU Foundation
- FSU Auxiliary Funds

**PROCEDURES**

For ***proposals***: Effective January 1, 2006, the principal investigator will submit the following to Sponsored Research when cost sharing is included in a sponsored project proposal:

1. FSU Cost Sharing Commitment Form  
The completed Commitment Form must be submitted with the proposal, or the proposal may not be approved for submission. The form must be signed by all of the authorized signers that are obligating the cost share funds. Instructions are included on the form.
2. A detailed cost share budget if not already included in the proposal.
3. Other documents noted on the Commitment Form instructions, as applicable.

For ***new awards***: The cost sharing budget should be set up at the same time as, or shortly after, the sponsored project budget has been set up. Sponsor funds and cost-share funds normally should be spent at the same rate of expenditure. Shortly after the sponsored project budget is activated, the SRAS Compliance staff will discuss the following cost sharing requirements with the principal investigator (or designee).

***SOURCE: E&G Funds***

When an award is received for a proposal where the source of the cost sharing funds is an E&G fund, the following procedures should be followed:

1. The department committing the cost sharing funds will be asked to provide the chart field combination (DeptID and Fund) of the source of the funds. The amount should cover the entire commitment whenever possible. However, commitments may be fulfilled in fiscal- or project-year increments as project needs require.
2. SRAS will create a new cost sharing budget in Commitment Control using the chart field combination of [DeptID of source budget] + [Fund of source budget] + [sponsored project's Project ID]. This will create a new budget in the KKG MCHD and KKGMPAR ledgers, but it will not reduce the E&G budget. It will not be necessary to transfer cash.
3. SRAS will notify the principal investigator that the cost sharing budget has been established.
4. The department will use the new chart field combination on all financial transactions using the cost share funds, including personnel appointments. As expenditures are made, both the cost share budget and the associated E&G budget will be reduced accordingly.

For **continuation awards**, the SRAS Compliance staff will contact the department about increasing the cost sharing budget in an amount sufficient to cover the next period. NOTE: If sponsor funds are required to be accounted for separately by budget period, so shall the cost sharing funds be accounted.

**SOURCE: Funds from C&G SRAD Fund 550 or 560 for Any Cost Category**

When an award is received for a proposal where the *source* of the cost sharing funds is a Project budgeted under Funds 550 or 560, the following procedures should be followed:

1. The department committing the funds will submit a Journal Transfer (JT) Form to SRAS. The amount of the transfer should cover the entire commitment whenever possible. However, commitments may be fulfilled in fiscal or project year increments as project needs require.
2. SRAS will create a new cost sharing budget in Commitment Control using a chart field combination of [DeptID of the sponsored project] + [Fund 555] + [the sponsored project's Project ID].
3. SRAS will process the JT Form to transfer cash from the source budget to the new cost sharing budget.
4. SRAS will notify the principal investigator that the cost sharing budget has been established
5. The department will use the new chart field combination on all financial transactions using the cost share funds.

For **continuation awards**, the SRAS Compliance staff will request a Journal Transfer Form (JT) from the department to transfer cash to the cost sharing budget in an amount sufficient to cover the next period. NOTE: If sponsor funds are required to be accounted for separately by budget period, so shall the cost sharing funds be accounted.

**SOURCE: Expenditures on a C&G Sponsored Project under Fund 520, 523, 524, 530, 531, 540, 546, 547, or 551**

The department will submit documentation with the proposal that specifically identifies the chartfield combination (DeptID, Fund, and ProjectID) of the Project where expenditures will be used as cost sharing. NOTE: Federal funds may not be used as cost sharing for a

Federally-supported project (including pass through funding) unless authorized by Federal statute.

**SOURCE: Graduate Tuition Waivers from College/School Allocation**

The college/school committing a waiver allocation as cost sharing to a specific project will be responsible for providing support documentation to SRAS. Support documentation will consist of a list of students provided waivers and the amount of each waiver. The SRAS Compliance staff will verify the information against the University's tuition waiver database. Waivers used as cost sharing for one project may not be used as cost sharing for any other project.

**SOURCE: Program Income**

Follow the procedures established under *Expenditures on a C&G Project under Fund 520, 523, 524, 530, 531, 540, 546, 547, or 551*

**SOURCE: Contributed F&A (F&A associated with cost-shared direct costs)**

OMNI automatically tracks this cost item.

**SOURCE: Waived F&A (F&A associated with sponsor-funded direct costs when sponsor does not pay full negotiated F&A Rate.)**

OMNI automatically tracks this cost item.

**SOURCE: Third Party Contributions**

The Principal Investigator is responsible for obtaining and submitting with the proposal a commitment letter from the contributors. The commitment letter must be signed by an authorized official of the third party entity and be very specific on the item, value and method used to determine the value of the contribution. Periodically throughout the life of the project, as requested by SRAS, the contributors will be required to submit to SRAS a signed Certification reporting the contribution. The Third Party Contribution Certification form may be found at <http://www.research.fsu.edu/contractsgrants/documents/inkind.pdf>.

**SOURCE: FSU Research Foundation**

When an award (administered by FSU) is received where the source of the cost sharing funds is an externally-sponsored project administered by the FSU Research Foundation (FSURF), those funds (or a portion thereof) must be transferred to an FSU C&G budget via the use of a letter agreement between FSU and the FSURF. Once the letter agreement is in place, follow the procedures established under *Expenditures on a C&G Project under Fund 520, 523, 524, 530, 531, 540, 546, 547, or 551*. SRS staff will work with FSURF staff to define the terms of the letter agreement.

When an award (administered by FSU) is received where the source of the cost sharing funds is an internal project (i.e., SRAD, PI Research Support, EPPES, etc), administered by the FSURF, the following procedures should be followed:

1. The department committing the funds will submit an FSURF Payment Request Form to the FSURF. The amount of the payment should cover the entire commitment whenever possible. However, commitments may be fulfilled in fiscal or project year increments as project needs require.
2. FSURF will provide a copy of the Payment Request Form and a check for the payment to SRAS for deposit.

3. SRAS will create a new cost sharing budget in Commitment Control using a chart field combination of [DeptID of the sponsored project] + [Fund 555] + [the sponsored project's Project ID].
4. SRAS will notify the principal investigator that the cost sharing budget has been established
5. The department will use the new chart field combination on all financial transactions using the cost share funds.

For **continuation awards**, the SRAS Compliance staff will ask the department to submit another Payment Request Form to the FSURF in an amount sufficient to cover the next period.

**SOURCE: FSU Foundation**

When an award is received for a proposal where the source of the cost sharing funds is a project administered by the FSU Foundation (FSUF), the following procedures should be followed:

1. The department committing the funds will submit the following information to the FSUF:
  - a. Memo requesting establishment of a Sponsored Research cost share budget;
  - b. FSUF Disbursement Request Form. The amount of the payment should cover the entire commitment whenever possible. However, commitments may be fulfilled in fiscal or project year increments as project needs require.
  - c. Sponsored Research Budget Summary Form
2. The FSUF will send the authorized Budget Summary Form and a check to SRAS.
3. SRAS will create a new cost sharing budget in Commitment Control using a chart field combination of [DeptID of the sponsored project] + [Fund 555] + [the sponsored project's Project ID].
4. SRAS will notify the principal investigator that the cost sharing budget has been established
5. The department will use the new chart field combination on all financial transactions using the cost share funds.

For **continuation awards**, the SRAS Compliance staff will ask the department to submit another request to the FSUF for an amount sufficient to cover cost sharing commitments during the next period.

**SOURCE: Auxiliary Funds**

In rare circumstances, funds from a departmental auxiliary (account) budget may be used to provide cost sharing. There are three basic types of auxiliary budgets: 1) Enterprise Auxiliary, (2) Other Activity Auxiliary, and (3) Service Department or Recharge Center Auxiliary. According to the FSU Budget Office, only Enterprise Auxiliary funds may be used as cost sharing. SRAS will assist in determining if such funds would be allowable and/or appropriate to be used as cost sharing. If the auxiliary funds are determined to be acceptable as cost sharing, SRAS will work with the department on setting up a cost share budget, including moving the cash from the Auxiliary fund to the C&G fund, via a journal entry using appropriate transfer accounts.

## **BUDGETING MULTIPLE SOURCES OF COST SHARING**

Frequently, cost sharing is provided by more than one type (source) of funds. It may not be necessary to have a separate cost sharing budget for each source. For instance, all funds coming from SRAD, FSURF, and FSUF, may be combined into one budget under Fund 555. However, E&G funds must be budgeted separately. SRAS Compliance staff will determine appropriate budgeting method.

## **SPONSOR-IMPOSED SALARY CAPS**

For several years, the Federal Consolidated Appropriations Act has limited the rate at which salaries can be directly charged to contracts and grants funded by certain agencies of the U.S. Department of Health and Human Services (DHHS). The Act states:

*“None of the funds appropriated in this Act for the National Institutes of Health, the Agency for Healthcare Research and Quality, and the Substance Abuse and Mental Health Services Administration shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level 1.”*

This restriction is generally referred to as the “NIH Salary Cap.” The current fiscal year’s cap can be found on the [Facts Sheet](#) on the Sponsored Research website. A complete list of agencies to which this limitation applies is on Appendix A of this document.

In cases where the employee’s rate of pay exceeds the limits imposed by the Act, a portion of the funding must be provided by a non-sponsored source of funds. To account for this funding, a separate chartfield combination will be established by SRAS which will use the same project ID as the NIH award, but will reflect fund 556. Fund 556 has been created specifically to account for cost sharing related to salary caps. The department will be required to provide the source of the non-sponsored funds to cover the amount to be charged to fund 556. The employee’s appointment will reflect both the amount to be directly charged to NIH and the amount to be charged to the 556 combination. SRAS staff will ensure that other appropriate accounting entries are made.

The following process should be used to determine how much should be charged to the Fund 556 (the over-the-cap funding) combination:

CALCULATION OPTION #1 – calculates 25% of 12 month appointment

FY09 NIH Salary Cap	\$196,700.00/12 mo.	\$94.57/hr	
Employee’s Salary	\$197,462.16/12 mo.	\$111.33/hr	
Funding From NIH Project	12%	\$13.36	(1)
Federal Limit	10%	\$11.35	(2)
Non-sponsored funds	2%	\$ 2.01	(3)

(1) 12% is the level of effort that the employee plans to commit during the period.  $12\% \times \$111.33 = \$13.36$  per hour that will be devoted to this project.

(2) However, because the salary is higher than allowed, calculate the federal limit.  $12\% \times \$94.57 = \$11.35$  per hour that can be charged directly to this project.  $(\$11.35 / \$111.33 = 10\%)$

(3) That leaves \$2.01 that must be charged from a non-sponsored source of funds. ( $\$2.01 / \$111.33 = 2\%$ )

Therefore, to fund the anticipated effort 12% effort on the project, the ePAF will show 10% to be direct charged to the project and 2% to be charged to the same Dept/Project with fund 556. (If this fund is not available in HR when you are entering the ePAF, please contact SRAS and they will establish the appropriate chartfield.)

CALCULATION OPTION #2 – calculates 100% of 3 month appointment

Employee's current 9-month salary = \$148,096.62

$\$148,096.62 / 3 = \$49,365.54 = 100\%$  Summer

$\$196,700.00 / 12 * 3 = \$49,175.00 =$  max allowed by NIH for 100% Summer

$\$49,365.54$   
-  $\$49,175.00$  allowed to be charged to NIH  
 $\$ 190.54$  must be cost shared with non-Federal funds

$\$49,175.00 / \$49,365.54 = 99.6\%$  charged to Federal funds combination using to project and 520 fund.

$\$190.54 / \$49,365.54 = 0.4\%$  charged to cost sharing combo using project and 556 fund.

### ***DISPOSITION OF UNUSED COST SHARING FUNDS***

If unneeded FSU cash remains in a cost sharing budget upon closeout of a project, the cash will be returned to the contributors on a pro-rated basis. If funds came from the FSURF or the FSUF, disposition will be determined upon closeout of the project.

### ***CONVERTED FLAIR COST SHARING BUDGETS/PROJECTS***

There will be no changes to the way these project budgets were converted from FLAIR to OMNI. However, these cost share projects should be cross referenced to the appropriate sponsored project and closed out as soon as possible. Transition to the new method of budgeting cost sharing is preferable.

## AGENCIES SUBJECT TO THE NIH SALARY CAP RULE

<b>Customer</b>	<b>Name</b>
651	Agency for Healthcare Research
1137	Substance Abuse and Mental Hea
1419	Uniformed Svcs Univ of Hlth Sci
506	Fogarty International Center
901	National Cancer Institute
903	National Center for Complement
1857	National Center on Minority Health and
898	National Ctr for Research Resources
923	National Eye Institute
939	National Heart Lung Blood Inst
938	National Human Genome Research
915	National Institute for Dental
886	National Institute of Allergy
887	National Institute of Arthriti
900	National Institute of Child He
914	National Institute of Diabetes
408	National Institute of Environm
935	National Institute of General
949	National Institute of Mental H
960	National Institute of Neurolog
1871	National Institute of Nursing Research
885	National Institute on Aging
880	National Institute on Alcohol
913	National Institute on Deafness
911	National Institute on Drug Abu
946	National Institutes of Health
2018	National Library of Medicine
1969	Nat'l Inst. of Biomedical Imaging & Bio